



EXPORT OF SAWLOGS TO THE UNITED STATES.

THE EXPORT DUTY.—THE MANUFACTURING CONDITIONS.

This subject has only recently been projected into Ontario politics, to which it does not properly belong, with the hope that it may affect the Government candidates in a few constituencies.

A short explanation will show that the question is one with which it is advisable the Provincial Government should not interfere, and that it is one with respect to which the Dominion Government has recognized its responsibility by dealing with it frequently both by legislation and regulation. The lumber trade is of Dominion concern, and perhaps ranks second in importance in Canada. All the Provinces are more or less affected by the prices obtained and the markets available for sawn lumber, but to Ontario, Quebec, New Brunswick and British Columbia—all large exporters of sawn lumber—the prosperity of the trade is of vital importance. The United States is practically our only market for sawn lumber and shingles, and its value may be judged from the fact that Canada sent there last year 1,031 million feet of sawn lumber valued at \$8,900,000, and 357 million shingles valued at \$734,000, or a total value of \$9,634,000. Is it advisable under these circumstances that any individual province should undertake to interfere with a question which is purely one of trade and commerce, and by its action affect seriously and adversely this great trade with which the welfare and commercial interests of the whole Dominion are interwoven and bound up? It is reasonable that when any action affecting this gigantic industry is being taken, the interests of the whole Dominion should be considered, and for that reason the Federal Government has dealt with it. Its powers and responsibilities in this matter have been abundantly recognized by the Dominion Government both by legislation and regulation. By legislation as follows:

(1) Act of Canadian Parliament, 1866, fixing the export duty on sawlogs at \$1 per thousand feet board measure;

(2) Act of Dominion Parliament, 1886, increasing the export duty to \$2 per thousand feet board measure, and authorizing the Governor in Council to increase it to \$3 per thousand feet if deemed expedient.

(3) Act of the Dominion Parliament, 1888, authorizing the Government of Canada, whenever it was satisfied it was desirable in the public interests so to do, either to reduce or to remove the export duty on sawlogs.

By regulation it has dealt as follows:

(1) Order in Council of 13th November, 1888, increasing the export duty to \$3 per thousand feet board measure;

(2) Order in Council of 5th July, 1889, reducing the duty to \$2 per thousand feet board measure;

(3) Order in Council of 11th November, 1890, entirely removing the export duty.

It will thus be seen that in the five years (1886 to 1890) the Dominion Government has dealt with this question five different times, and that one Act specially charges that Government with the care of the public interests in this question.

A moment's consideration will show the importance of the central authority dealing with this matter. In 1890, when the McKinley Bill was before the United States Congress, the duty on Canadian lumber going into the United States market was a specific one of \$2 per thousand feet board measure, without respect to the quality of the lumber. This was a heavy charge even on good lumber, but it completely shut out the lower grades, which caused large quantities of sawlogs to be left in the bush to waste, and quantities of the inferior grades of lumber to lie rotting in the mill yards for want of a market.

While the McKinley Bill was under consideration, and the policy of the Dominion Government was to prevent the export of logs, the Ontario Government, in line with that policy, placed a condition in a small sale of timber berths in the Rainy River District, requiring the logs to be sawn in Canada. The United States Government having put a provision in the McKinley Bill to reduce the import duty on sawn lumber to \$1 a thousand feet provided the Government of Canada would remove the export duty on logs; the Dominion Government, after careful enquiry, becoming satisfied that such action would be in the public interest, passed an Order in Council five days after the McKinley Bill became law, removing the export duty, and the clause of the McKinley Bill took effect. When, however, the United States lumbermen found that the Ontario Government had placed this condition in a small timber sale, deputations immediately proceeded to Washington, magnified the action of the Ontario Government, and made it the ground of urging upon Congress that the duty on sawn lumber should be again increased, but Congress, relying that the policy of the Dominion Government would be carried out in good faith, took no action in the premises.

Under the operation of this system of reciprocity the money gain to Canadian lumbermen on lumber sent to the United States in 1892, including shingles, by reason of the reduction of the duty, would be \$1,000,000, but this is only a small part of the gain. The rougher grades of lumber were now capable of being marketed there at a profit, and it has been estimated by Col. O'Brien, M. P. for Muskoka, and other competent authorities, and corroborated by the reports of the Crown Timber Agents and rangers of the Government, that from 30 to 50 per cent. more pine timber is cut and marketed from the same area of licensed territory than was formerly the case. This means a large increase in the revenue of the Province for material which had formerly gone to waste. It also means a large increase in the employment of labor and markets for produce.

Now it is contended by the Opposition that the Ontario Government should have put a condition in its last timber sale (that of 1892) requiring the timber on the territory sold to be sawn in Ontario, thus practically nullifying the action of the Government of Canada. Such a course would have been imprudent and disastrous—imprudent because there were only 427 miles of territory then sold from which logs could be taken to the United States, while there were nearly 20,000 miles previously under license as to which no restriction could be made. It would have been disastrous because the United States would have regarded it as sharp practice and would have resented it by the immediate re-imposition of the old duty on sawn lumber or perhaps an increased one. As it turned out, only 78 miles of the territory sold were purchased by Americans, so that the action would have caused the loss of at least \$1 a thousand on our exports of lumber, which for the year 1893 alone would have aggregated over a million dollars, and the market opened for our coarse lumber would have been destroyed, for the bagatelle of keeping the sawing of 78 miles of timber in the Province. If any loss should be calculated at all it should be only on the logs cut on the limits sold in 1892 and exported in the log, not on the entire export cut elsewhere, but as a matter of fact there were none cut on these limits for exportation and not a log went out of the country. The re-imposition by the United States of the old duty on sawn lumber or an increased one would have paralyzed the lumber trade of the Dominion, have ruined many of our largest employers of labor, and induced such a financial crisis as we have not yet seen in this country.

The question of the wisdom or unwisdom of permitting the exportation of logs as a *quid pro quo* for a reduction of the duty on sawn lumber need not be argued in Provincial politics. If there is blame anywhere it lies at the door of the Ottawa Government for removing the duty and thus enabling the logs to be taken out of the country. This was done, however, at the instance of the lumbermen, who convinced the Government that there was more money to be made for the country by obtaining a removal of the American duty on imported sawn lumber than by retaining the export duty on Canadian logs. If the Province had imposed the manufacturing condition and the United States had subsequently re-imposed the duty of \$2—or \$3—or indeed \$4—per thousand feet on sawn lumber, the immense loss to the Province and to operators would instantly have been laid at the door of the Provincial Government by the Opposition and the Tory press, and the charge would have been difficult to answer.

Recently a Tory M. P. has made some calculations and founded arguments thereon, with the object of inducing the Dominion Government to re-impose the export duty on saw-logs, which, however, it has declined to do. As his arguments and calculations are not addressed to and do not apply to the Ontario Government, but were addressed to and do apply to the Dominion Government as the proper authority to deal with the matter by putting on a prohibitory export duty, they have no bearing on Provincial politics and might be ignored. But they are so wild and grossly inaccurate that it would seem proper in the public interest to dissect them.

His calculation is based upon an export of 400 million feet of saw-logs, and on this basis he figures as follows :

Towing 400 million to the United States at \$1 per thousand	\$ 400,000
Sawing 400 million in the United States at \$2.50 per thousand	1,000,000
Freight on 400 million at \$2 per thousand	800,000
Laths and cuttings at 50 cts. per thousand	200,000
Total	\$2,400,000

The actual figures of the export were 235 millions, and from the average of five of the largest mills on the Georgian Bay the cost of sawing, piling and shipping is \$1.50 per thousand, which equals	\$352,000
Add freight on 235 million at \$2 per thousand ..	470,000
Add towing at \$1 per thousand	235,000
Total	\$1,057,000

as against \$2,400,000 ; so that it will be seen his calculation is an exaggeration of \$1,343,000.

The question of laths and cut-offs need hardly be considered because there cannot be more than 400 million feet in 400 million feet, and that is the basis of his calculation. Why he should add \$200,000 extra is known only to himself. Again, as he is arguing for the entire abolition of towing to the United States, it would be fair to deduct the cost of towing (\$235,000) from his calculation, because if there was no export there would be no tow bill, and Canadian labor would not benefit by the towing in any event. This further deduction would leave simply the sawing, piling, shipping and freight to be considered, which on 235 millions of feet would amount to \$822,000, as against his calculation of \$2,400,000. Besides, when he is obliged to come down to facts and state the number of mills which are actually idle on account of the export of logs, although it has been charged that fifty mills are idle, he is only able to cite two—one at Midland and one at Parry Sound, and this statement is the only absolutely true one in his whole speech.

But Mr. Bennett's figures arraign only his own friends, namely, the Dominion Government, as his arguments and figures apply only to the abolition of *export duty*, an act of the Dominion Government exclusively. They have no force or application to the Provincial Government, for the reason already given that the logs were cut on old limits sold before the question of the "manufacturing condition" ever arose, and it is not in the power of the Government or the Legislature to impose such further condition upon limits which were sold free from it, and none of the logs exported were cut from limits recently sold.

It is said our forests are being depleted, but according to Col. O'Brien and other good authorities, our timber resources have been added to by from 30 to 50 per cent. in the new market afforded for our coarser grades of lumber, which were formerly wasted or burnt up.

It is said that Canadian labor is adversely affected, but it is well known that employment at good wages was never more plentiful in the newer parts of the Province, and that good markets have been afforded for all the settlers can raise. The American lumbermen employ almost wholly Canadian labor in taking out the logs, indeed in many cases they contract with Canadians to take them out.

As stated above, the quantities exported are also grossly exaggerated. Last year's export has been put at from four to five hundred million feet board measure, whereas as a matter of fact only 235 million feet board measure were exported from Ontario lands last year. (See Report of Commissioner of Crown Lands.) There are about 20,000 square miles subject to timber license in the Province, of which only about 1,700 are owned by Americans who are not mill owners in Canada. As regards the limits sold at the 1892 sale, (and this is the only sale in which the absence of the condition of sawing in the country is or can be attacked by the Opposition), of the 683 miles sold Canadians bought 555 and Americans 78 miles.

It is claimed that a large number of mills have been shut down which formerly manufactured logs taken from limits the logs from which are now exported. Midland, Parry Sound and Byng Inlet are cited. The only large mill at Midland shut down on this account is Mr. Miscampbell's, the Tory M. P. P. for East Simcoe, who was paid a bonus to surrender his contract to saw the logs of the Emery Lumber Company in Ontario. The only mill shut down at Parry Sound, is the Midland and North Shore Lumber Company's mill, that Company having sold its limits to Americans. At Byng Inlet there were formerly three mills, two the Georgian Bay Lumber Company's and one Burton Bros. One of the Georgian Bay Lumber Company's mills was burnt down a few years ago and not rebuilt; the Burton Bros. mill was burnt down last summer. Another mill is being built there, perhaps on a smaller scale, as the limits are nearly cut out. The third mill at Byng Inlet was operated last season and probably will be this summer. The net result is that two mills have been closed down on account of the export of logs. On the other hand, one large mill has been erected by Moiles Bros. on Lake Huron, and another large mill is in process of erection by the Cutler, Savidge Co., near Spanish River, and other large mills are projected in view of the removal of the export duty on lumber going into the United States. If matters are allowed to rest until the United States tariff is passed, it is confidently expected that sawn lumber will be free of any duty going into the United States, in which case the incentive to take logs over there to be manufactured will be removed and a number of new mills will probably be put up on the north shore of Lake Huron, and the quantity of coarse lumber marketable still further largely increased. Should, however, any action be taken to re-impose the export duty on sawlogs and the United States markets be closed to us, as they will most certainly be, instead of one or two mills being shut down, nearly all our large mills will be shut down and disorganization and chaos brought about.

The question of the export duty on logs has within the past few days been again under the consideration of the Dominion Parliament. All the lumbermen in the House, of which there are a considerable number on both sides, spoke strongly and unanimously against re-imposing an export duty on logs until it was seen if the United States would admit Canadian lumber free, as is proposed

in the tariff now before the Senate. No lumberman favored the re-imposition of the duty. It was left for a doctor and a lawyer to argue in its favor. The Speaker of the House, a strong Tory and a lumberman, felt it incumbent upon him to address the House upon this question, which he did as follows :

Mr. Speaker, said the evil effects were confined mostly to local districts, the north shore and the Georgian Bay. It would not be proper to re-impose the duty on logs until they found whether lumber would remain on the free list of the United States. If it was on the free list there, then it would be a mistake to re-impose the export duty. It would be in the interests of a large proportion of the Dominion for the Government to stay their hand for the present.—*Empire*, May 18th, 1894.

Col. O'Brien, Member for Muskoka, Independent Conservative, said amongst other things, that gentlemen were guilty of great exaggeration in their desire to have the duty re-imposed. With regard to the Parry Sound District, there had never been so many men employed or labor so steady and constant, neither had wages ever been so good. So far from being an injury to the country, the extra quantity of logs taken out since the export commenced had given a great impetus to trade in the country. To re-impose the duty at the present time would paralyze trade from one end of the country to the other. While there was a chance of the import duty being taken off, the Canadian Government should not re-impose an export duty.

Mr. Bryson, Pontiac, Tory, said the lumbermen should know what was their own interest. The platform for the Government was that Americans should be given free logs provided they admitted lumber free. His earnest desire was that the Government should adhere to the ground it had taken.

Mr. Calback, Tory, said if the United States would allow logs to go in free from Canada, this country ought not to re-impose an export duty.

The Government has not re-imposed the export duty, because they believe it to be in the interests of the country that the matter should stand as it is until it is known if the United States will admit lumber free.

By the tariff bill now before the House it is provided that an export duty may be imposed by the Canadian Government as against any country which imposes a duty on imported lumber.

The policy of the Government as to the question of imposing "manufacturing conditions" has been and is, that while the question of admitting Canadian lumber to the American market free of duty is before the Congress of the United States, it would be inadvisable, and possibly disastrous to impose "manufacturing conditions" upon the sale of timber limits. In 1893, when this question was first brought before the House, the American people had elected a Democratic Congress and a Democratic President and there was every prospect that their proposed new tariff bill would admit lumber free. In the tariff bill now before the Senate a clause has been carried admitting lumber free of duty. Had the Dominion imposed an export duty on logs, or had the Province attached a manufacturing condition to their sale of timber limits, there can be but little doubt that a heavy duty would have been imposed upon Canadian lumber entering the United States.

It will be time enough to consider what the policy should be in the future after we have seen what action the American Congress takes on this very vital and important matter. The Government are open to deal with the question in the manner best suited to the public wants. The reasons herein given are those which heretofore have been presented in the Legislature against the resolutions in favor of "manufacturing conditions" which have been proposed by the Opposition.